

Planning Australia's 2023-24 Migration Program

ACCI Submission

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Introduction

The Australian Chamber of Commerce and Industry (ACCI) welcomes the opportunity to provide input to the Department of Home Affairs' consultation process into the Migration Program for 2023-24.

ACCI has sustained a strong involvement with migration policy over several years, providing a highly considered and evidence-based perspective on the business impacts of migration policy. ACCI has consistently emphasised that the needs of business and the broader community must form the pillars from which Australia's migration program is built. As detailed in ACCI's [Better Australia](#) strategy, ACCI supports migration targets that maximise economic and demographic outcomes with matching infrastructure investment to support it.

This submission sets out the case in support of a permanent skilled migration planning cap of 200,000 places (to a total of 255,600 places when including the family stream and special eligibility) in the 2023-24 program year. Prior to the pandemic, the decision to reduce the permanent migration intake by 30,000 to 160,000 already was having a negative impact on business' ability to fill skills gaps. The restrictions during the COVID-19 crisis exacerbated these problems. Effectively halting Australia's migration program for two years resulted in significant gaps arising from business growth or departing workers. The labour market remains extremely tight, with unemployment levels at 3.5 per cent, or 3.4 per cent seasonally adjusted, a near 40-year low.¹ In addition, there are more Australians in work than ever, with the employment-to-population ratio climbing to a record 64.5 per cent.² This is projected to continue well into 2023-24.

This submission also makes the case that regardless of the size of the cap, the proportion of migrants that are employer-sponsored should remain proportionally high and as accessible as possible for both regional and urban Australian businesses. This is especially necessary in the post-pandemic period, occurring in a tough economic environment, when businesses need access to experienced skilled migrants to fill the skills gap.

ACCI has addressed the key questions in the *Planning Australia's 2023-24 Migration Program Discussion Paper* throughout this submission.

¹ ABS, Labour Force, Australia (released 15 December 2022).

² ABS, Labour Force, Australia (released 15 December 2022).

Raise the Permanent Skilled Migration Cap to 200,000 Places

Migration has formed a big part of Australia’s heritage and is a substantial contributor to economic prosperity and our culture, lifestyle and sense of who we are. Australia’s population, coming from a wide range of cultural backgrounds, has provided diversity of thinking and positive connections to the rest of the world. The Australian Bureau of Statistics (ABS) describes us well: “We have more than 300 different ancestries and 28 percent of our resident’s population is born overseas – that’s nearly 7 million people. We’re a nation of nations – we speak more than 300 languages.³ Australia is a nation that is built on migration, as is our workforce and our economy.

The 2021 Intergenerational Report shows a clear and positive relationship between migration and economic growth. Unfortunately, the decision taken to reduce the migration intake by 30,000 to 160,000 in the pre-COVID period sent a negative signal about the benefits of migration. ACCI’s current policy position in this important area of public policy, contained in ‘[Migration Works for All of Us](#)’, as well as our recent submission to the review *A Migration System for Australia’s Future*, sets out a detailed, public interest case in favour of migration. These submissions demonstrate the benefits delivered by migration, particularly a strong component of younger skilled migrants.

Alongside the important outputs from our education and training sectors, ACCI views the temporary and permanent skilled migration programs as highly valuable components of workforce planning and development in Australia. Skilled migration is a vital tool that assists individual businesses who experience skill gaps, as well as filling skills shortages in the wider economy. It provides access to skilled workers otherwise unavailable to the employer when they need to expand or replace a departing worker. Without this option, businesses are negatively affected. This costs our economy and therefore reduces job opportunities for Australians.

The planning permanent migration intake recommended by ACCI for 2023-24 is contained in Table 1.

Table 1 ACCI recommendations for Migration Program planning levels

Stream and Category	Original Planning 2022-23	Revised planning 2022-23	ACCI 2023-24
Skill stream			
Employer Sponsored	30,000	35,000	76,300
Skilled Independent	16,652	32,100	23,500
Regional (regional employer sponsored)	25,000	34,000	35,000
State/Territory Nominated	20,000	31,000	45,000
Business Innovation & Investment Program	9,500	5,000	10,000
Global Talent	8,488	5,000	10,000
Distinguished Talent	300	300	200
<i>Skill Total</i>	<i>109,000</i>	<i>142,400</i>	<i>200,000</i>
Family Stream			
Partner	40,500	40,500	
Parent	6,000	8,500	
Other Family	500	500	
<i>Family Total</i>	<i>50,000</i>	<i>52,500</i>	<i>52,500</i>
Special Eligibility	100	100	100
Child (estimate; not subject to a ceiling)	3,000	3,000	3,000
Total	160,000	195,000	255,600

³ The Australian Bureau of Statistics, Interesting Facts about Australia’s 25,000,000 population

Recommendation 1:

ACCI recommends that the permanent skilled migration planning level be increased to 200,000 (to a total of 255,600 places when including the family stream and special eligibility) for the 2022-23 program year to maximise both economic and fiscal benefits and make up for the population impact of net zero migration arising from the COVID border closures.

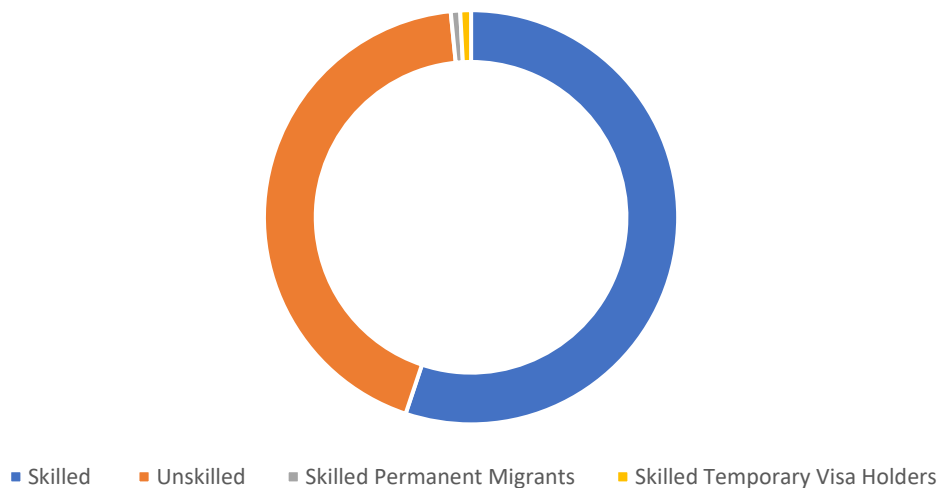
Case for Increasing Skilled Migration

Each year the number of permanent skilled migrants is only a very small fraction of the labour force – 1.6 percent of the total in 2019-20 (see Figure 1, below for the pre-pandemic Proportion of Skilled Migrants to Australian Workforce). It is highly unlikely that there was any negative impact on jobs across the economy, and indeed strong academic research shows that migration has a positive impact on jobs available for Australians.

As Australia continues to recover from the impacts of the border restrictions during the COVID pandemic, we are seeing skills and labour shortages as a significant issue for businesses. The number of occupations suffering skills shortages nearly doubled in the past year, according to the National Skills Commission. The Skills Priority List shows that 286 assessed occupations were in national shortage, compared to 153 occupations in 2021.

ACCI is a strong advocate of policies to increase skills development (including training and apprenticeships) for Australians. Wage subsidies and subsidised training are needed to address the difficulties that many businesses are facing. Job seekers need access to accredited training courses, both qualifications and skill sets, that quickly upskill and prepare them for work. However, a multifaceted solution is required. A strong skilled migration uptake is one of the key policy levers available to address workforce shortages that cannot be filled by Australians. Migration can address the requirement for highly specialised skills, grow our country’s workforce, and continue to drive our post-pandemic economic recovery. In addition, skilled migrants also transfer their skills to the local workforce and can train and upskill Australian workers.

Figure 1: Proportion of Skilled Migrants to Australian Workforce 2019-20



In addition to supplementing our workforce to fill skills and labour gaps, other key reasons to support the increased levels of permanent skilled migration include enhancing cultural diversity, counteracting our ageing population and creating jobs when entrepreneurial migrants start their own business. We address our recommendations relating to the composition of the skilled migration program below.

Recommendation 2:

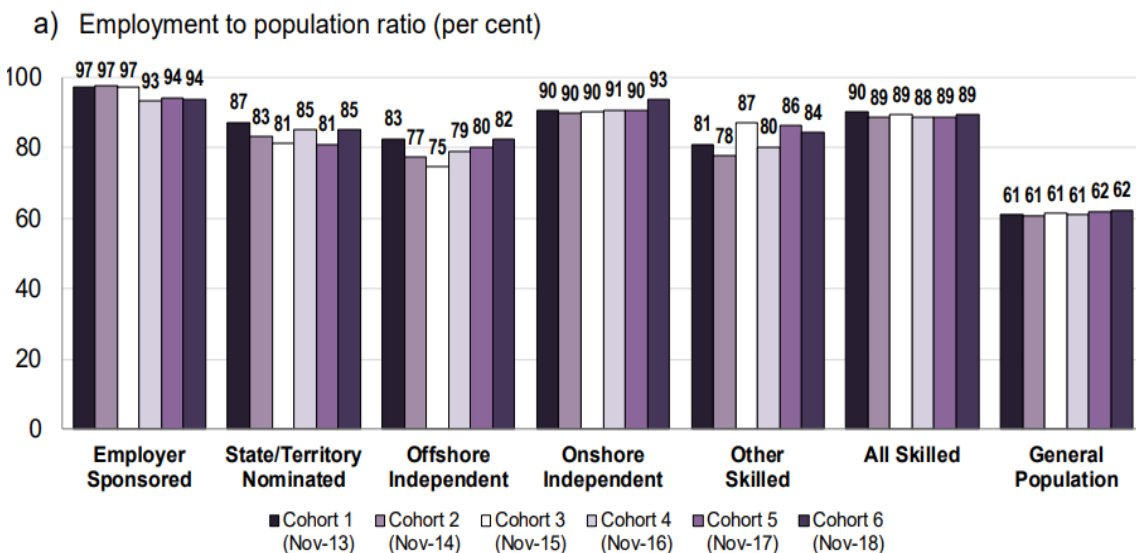
ACCI recommends increasing the cap for skilled migration within the permanent migration program.

Employer Sponsored Migration

ACCI recommends that, within the cap the percentage of skilled migrants, employer-sponsored migration should be further strengthened. Employer-sponsored migration is the most successful form of migration in Australia. This has guaranteed immediate employment outcomes and provides long-term employment experience — the best of all migration pathways. Employer-sponsored migrants have consistently delivered positive labour outcomes, which can largely be attributed to having a proven skill set, employment available upon arrival and a relationship with an individual connected to the business and local community.

The most recent Continuous Survey of Australia’s Migrants – Cohort 6 Report⁴ reflects that 94 percent of employer-sponsored migrants were in paid employment compared to other categories of migrants and the general Australian population (Figure 2). This is due to migrants having a job waiting for them on arrival and not having to spend time looking for a job. Seventy-three percent of employer sponsored migrants were also in highly skilled employment compared to other categories of migrants and the general Australian population (Figure 3).

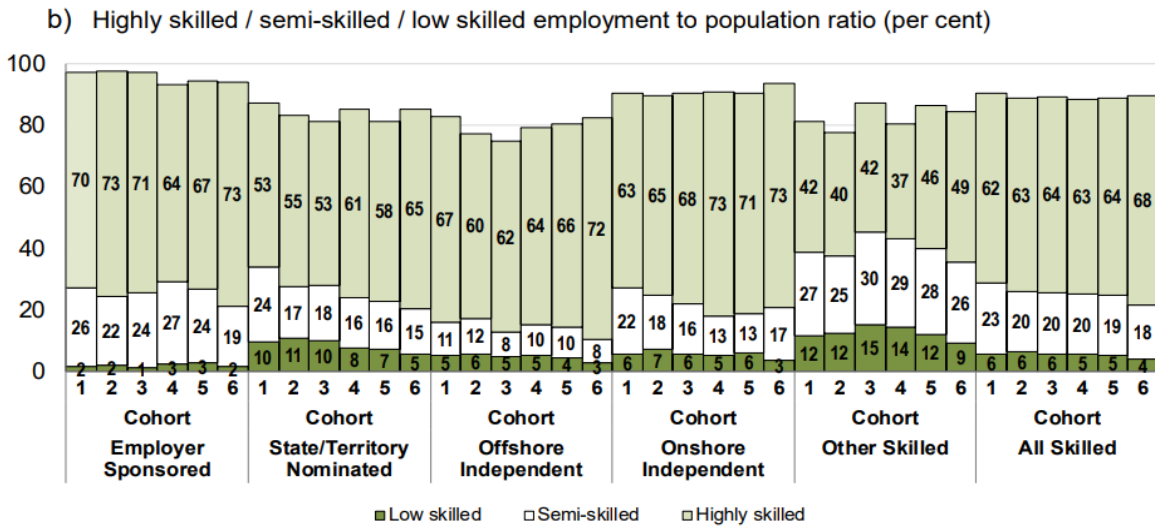
Figure 2: Comparison of Employment between survey cohorts (primary applicants) and the Australian general population, by settlement period⁵



⁴ Department of Home Affairs 2020, Continuous Survey of Australia’s Migrants – Cohort 6 Report – Introductory Survey 2018, < <https://www.homeaffairs.gov.au/research-and-stats/files/csam-cohort6-report-introductory-survey-2018.pdf>>.

⁵ Ibid Department of Home Affairs 2020, Continuous Survey of Australia’s Migrants – Cohort 6 Report – Introductory Survey 2018, < <https://www.homeaffairs.gov.au/research-and-stats/files/csam-cohort6-report-introductory-survey-2018.pdf>>.

Figure 3: Comparison of Skilled Employment between survey cohorts (primary applicants) and the Australian general population, by settlement period⁶



In addition, to ensure Australia remains responsive to skill needs, employer-sponsored migration should be returned to the situation that existed prior to 2017 – which enabled sponsorship of all skilled occupations. Migration based on skills shortage analysis is important, however this will not reveal all legitimate skill needs unable to be filled by available domestic labour. For example, chefs have multiple cultural cuisine styles which are not interchangeable, but are only covered in two occupations: cooks and chefs. A specialist on a particular piece of new machinery may be needed to boost productivity of firm output and to train others to use it. These are real needs even when they do not show in national analysis.

Further, in setting the income thresholds for employer-sponsored migrants, it is important to ensure that the level set is responsive all skill shortage and skills needs, across all industry sectors experiencing skills shortages. Setting the Temporary Skilled Migration Income Threshold (TSMIT) at too higher-level risks excluding many skill categories, where skill shortages are greatest, including chefs and cooks, nurses, as well as in the aged-car sector where critical vacancies exist, etc. Ideally, there should be more flexibility in setting thresholds that are tailored by sector, skill level, and job location. Therefore, any increase in the TSMIT must be modest, so as not to exclude an occupation that might otherwise be eligible for skilled migration

Recommendation 3:

ACCI recommends increasing the proportion of Employer Sponsored Migrants within the Skilled category and allowing all skilled occupations (Skill levels 1, 2 and 3) to be accessible under the employer sponsored program.

Recommendation 4:

ACCI recommends a modest increase in the TSMIT to \$60,000, so as not to exclude an occupation that might otherwise be eligible for skilled migration.

⁶ Department of Home Affairs 2020, Continuous Survey of Australia's Migrants – Cohort 6 Report – Introductory Survey 2018, < <https://www.homeaffairs.gov.au/research-and-stats/files/csam-cohort6-report-introductory-survey-2018.pdf>>.

Regional Employer Sponsored

The Australian migration system also needs to support the needs of our regions. Australia is a large continent and although our workforce has, to some extent, demonstrated its willingness to relocate for work, the proportion of workers and families that are willing to move long distances is falling.⁷ Regional migration should be encouraged, and it is essential that we support migration policies that successfully meet regional skill and labour needs. This is about putting positive policies in place that support regional jobs growth, and encouraging migrants to fill job needs (including difficult to satisfy seasonal needs), with a carrot and not the stick approach. Employer-sponsored migration, both permanent and temporary, is the best way to achieve this. It is not workable to restrict movement of migrants, and we should not aim to satisfy regional needs at the expense of metropolitan areas.

Recommendation 5:

ACCI recommends increasing the proportion of Regional Employer Sponsored Migrants within the Skilled category.

State/Territory Nominated

ACCI has also recommended an increase to the State/Territory nominated visas. Feedback is that demand for these visas is extremely high and competitive. For example, in NSW, at any given time there are at least 50,000 applications expressions of interest for nomination by NSW against an allocation of just 12,000 positions. This means only a very small portion of people who have the highest points available have access to these places, despite many who have relevant skills and doing in-demand work. This has resulted in a number of migrants forced to leave Australia when their current visa expires and a State/Territory Nominated visa is unavailable. They leave despite working in an occupation in severe skills shortage and in locations that are often not attractive for Australians.

Recommendation 6:

ACCI recommends increasing the proportion of State/Territory Nominated within the Skilled category.

Remaining attractive to prospective migrants

The Discussion Paper poses the question of how we can improve our migration planning process so Australia remains attractive to prospective migrants. It rightly recognises that Australia's attractiveness cannot be taken for granted when the international competition for talent continues to intensify due to major migrant receiving countries facing similar population and labour force challenges.

Planning

In terms of planning, it is vital that there is a coordination of labour market analysis and forecasting to ensure decisions regarding skills and training needs, skilled migration occupation lists and employment

⁷ The Australian Bureau of Statistics Census 2016, Census of Population and Housing: Reflecting Australia - Stories from the Census, 2016, <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/2071.0-2016-Main%20Features-Population%20Shift:%20Understanding%20Internal%20Migration%20in%20Australia-69>
7 The Australian Bureau of Statistics

policy and programs are well-informed by data and evidence from state/territory and national levels. Industry also has a key role in communicating their anticipated workforce development and skilled labour needs. Jobs and Skills Australia should play a key role, and there should be a biennial National Workforce Development Strategy to examine, in depth, Australia's current, emerging and future workforce skills needs and ensure an alignment of our skills development, training and migration systems.

To ensure we can reap the benefits of a strong migration system, we need to address concerns relating to housing stock availability and plan appropriately. This is particularly the case in the regions, where the availability of suitable housing to rent or buy makes it very difficult for employers to attract and retain employees. The poor quality of critical infrastructure, such as transport (roads, rail and air services), energy, telecommunications, water and other utilities, and soft infrastructure such as training, education and health services, is also a major barrier to attracting people to regional areas.

We need to address these concerns, not through trying to restrict our economic and job generating powerhouses but by planning and managing better. Action needs to be taken to increase the availability and affordability of housing, particularly in the regions, to assist with the supply of available workers and the ability to attract migrants to the regions.

Recommendation 7:

Ensure Jobs and Skills Australia has a key role in coordination of labour market analysis and forecasting to align skills development and migration strategies based on labour market need.

Recommendation 8:

Take action to increase the availability and affordability of housing and better plan for future needs, particularly in the regions, to assist with the supply of available workers and attracting migrants.

Migration settings and visa processing

The Discussion Paper canvasses the importance of visa settings and processes in terms of enhancing Australia's attractiveness.

In early 2022, it was reportedly taking three times longer to process skilled visa applications than before the pandemic, leading some overseas workers to take jobs in other countries. For example, as highlighted by ACCI member Master Builders Australia in its submission to the Migration Review, feedback from an employer in Victoria is as follows: *"It's easier and quicker to go to other countries. I have just lost a guy from Chile as he can go to Canada much easier than here. I can't blame him as the hoops we have had to jump through here are painful."* Resources must be allocated on an ongoing basis, so Australia doesn't miss opportunities to fill skills gaps with talent choosing to go to other countries due to delays in visa processing.

In addition, the skills assessment process can be time consuming and costly, often requiring lengthy technical assessments for occupations, such as in the automotive sector, that may have very similar training standards and qualifications in the home country to that of Australia. The delays caused by the skills assessment process often deters strong candidates from pursuing their application in Australia, with the likely loss of talented candidates to other countries.

In terms of migration settings, ACCI made a number of recommendations in our submission to the migration review *A Migration System for Australia's Future*.

For Australia to remain attractive, our migration program would benefit from a greater pathway to permanency. ACCI strongly supports a pathway to permanency for all temporary skilled migrants. It was a fundamental strength of the system prior to the 2017 changes. The option of a pathway to permanency increases Australia's global competitiveness in terms of skilled migration and ensures the best and brightest talent is able to be attracted and retained.

Recommendation 9:

Speed up processing times by maintaining extra personnel. Review and streamline the skills assessment process to enable a more holistic streamlined assessment process and make use of technological advances to assess skills where appropriate.

Recommendation 10:

Change the Temporary Skill Shortage visa conditions to provide a pathway to permanent residency for all temporary skilled migrants.

Recommendation 11:

Implement additional recommendations as set out in ACCI's submission to the migration review, *A Migration System for Australia's Future*.

About ACCI

The Australian Chamber of Commerce and Industry represents hundreds of thousands of businesses in every state and territory and across all industries. Ranging from small and medium enterprises to the largest companies, our network employs millions of people.

ACCI strives to make Australia the best place in the world to do business – so that Australians have the jobs, living standards and opportunities to which they aspire.

We seek to create an environment in which businesspeople, employees and independent contractors can achieve their potential as part of a dynamic private sector. We encourage entrepreneurship and innovation to achieve prosperity, economic growth and jobs.

We focus on issues that impact on business, including economics, trade, workplace relations, work health and safety, and employment, education and training.

We advocate for Australian business in public debate and to policy decision-makers, including ministers, shadow ministers, other members of parliament, ministerial policy advisors, public servants, regulators and other national agencies. We represent Australian business in international forums.

We represent the broad interests of the private sector rather than individual clients or a narrow sectional interest.

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